



STATE OF MICHIGAN
John Engler, Governor

DEPARTMENT OF TREASURY
Douglas B. Roberts, State Treasurer



MICHIGAN
DEPARTMENT OF
TREASURY

DATE: April 17, 2002
TO: County Treasurers
FROM: State Tax Commission
RE: WITHHOLDING PROPERTY FROM FORFEITURE

On July 27, 2001, Governor Engler signed into law Public Act (PA) 94 of 2001 (SB 547) with an effective date of July 30, 2001. Section 78g of the act states the following:

A county treasurer shall withhold a parcel of property from forfeiture for any reason determined by the state tax commission. The procedure for withholding a parcel of property from forfeiture under this subsection shall be determined by the state tax commission.

The purpose of this bulletin is to provide the information required by PA 94 of 2001.

Reasons to Withhold a Parcel of Property From Forfeiture and Procedures for Withholding a Property From Forfeiture.

The State Tax Commission, at its meeting on April 17, 2002, determined that the following are the reasons that a parcel of property shall be withheld from forfeiture:

- 1) If the taxpayer has filed for bankruptcy PRIOR to the date of forfeiture, the property shall not be forfeited. In this situation, no Title Search Fee or any other fee can be added to the property.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds and notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

If the taxpayer files for bankruptcy AFTER THE FORFEITURE but prior to the judgement of foreclosure, then the foreclosure process is stopped and no further notices are sent out to the taxpayer until the property comes out of bankruptcy. The certificate of forfeiture will stand and all of the fees that are added to the property prior to filing

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the petition for bankruptcy will remain with the property.

Procedure: The County Treasurer notifies the State Treasurer and the Contractor of the bankruptcy filing and requests a "withhold" from the foreclosure. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

If the taxpayer files for bankruptcy AFTER THE JUDGEMENT OF FORECLOSURE, then the time to redeem is extended by 60 days after the date of the petition.

Procedure: No action on the part of the county treasurer is needed.

- 2) A property owned by the U.S. Government, the State of Michigan, a county, a city, a village or a township shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 3) A property with a defective or erroneous description shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 4) A property which is under appeal to the Michigan Tax Tribunal or the State Tax Commission shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the county treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the register of deeds. Notifies the State treasurer and the Contractor of the error. The State treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 5) A property whose homestead exemption has been appealed to the Michigan Department of Treasury or the Michigan Tax Tribunal shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 6) **A property for which an Industrial Facility Exemption Certificate has been issued shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 7) **A property which is state-assessed (i.e., assessed by the State Board of Assessors) shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 8) **A property on which the taxes have been paid to the Local Treasurer but the payment has not been recorded on the County Treasurer's records shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.

- 9) **A property that is assessed twice on the same assessment roll shall be withheld from forfeiture.**

Procedure: If the property is forfeited in error, the County Treasurer removes all of the fees attached to the parcel, files a certificate of cancellation of forfeiture (form 3839) with the Register of Deeds. Notifies the State Treasurer and the Contractor of the error. The State Treasurer will withhold the parcel from foreclosure and stop all title work on the parcel.